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Bureau of Business and
Economic Research

Oregon Business Review

VOL. XIII OCTOBER 1954 No. 10

Views of Portland Gas & Coke On Natural Gas Explained

By C. H. GUEFFROY
President, Portland Gas & Coke Co.

[*The* OREGON BUSINESS REVIEW *believes Mr. Gueffroy's views on a topic of present controversy are of general interest to the people of Oregon.*]

I want to make it very clear at the outset that I am speaking only on behalf of the Portland Gas & Coke Co., and probably very few of the observations I make can be interpreted as applying equally to other gas distributing companies in the Pacific Northwest. In other words, our company is largely in a class by itself in this situation. As evidence of this, let me say that most of the small, high-rate gas distributing companies should have no difficulty in expanding their business, since they will be able to buy natural gas on a flat-rate basis considerably below their present cost of producing gas. This narrows the field down to the metropolitan areas of Portland, Seattle, Tacoma, and Spokane. A comparison of a few important statistics of the companies which serve those cities may give you an insight to the opportunities and problems faced by those companies [see table below].

The substantially lower production cost in Portland places an absolute ceiling on what Portland can pay for any quantity of natural gas; and obviously the cost of natural gas must be considerably below the cost of manufactured gas, if any substantial volume is to be sold, since existing generating facilities are also required for peak shaving in connection with natural-gas operation.

As of July 31, 1954	*Portland*	*Seattle*	*Tacoma*	*Spokane*
*Holder cost—cents per therm	5.46	7.41	11.54	8.95
Average rate—cents per therm	19.90	25.20	25.94	31.20
Spaceheating customers	26,961	8,273	3,080	136
Total customers	86,674	36,743	12,828	6,837
Total sales—therms	48,312,733	19,610,761	4,904,833	1,412,066

*Holder cost is the cost of manufactured gas after credits for residuals and by-products produced.

I call your special attention to the average rate received by each of these companies for gas sold—Seattle and Tacoma is approximately one-third higher and Spokane more than 50 per cent higher than Portland. The significance of this comparison, of course, is that, assuming the rate schedule for natural gas is the same for each of these companies, as proposed by Pacific, the rate-reduction possibilities are far greater in the other cities than in Portland; and let me assure you that substantial reductions are needed even in Portland to sell the increased volume of natural gas necessary to make a pipeline operation successful.

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Oregon Income Study Shows Well-Balanced Increases

By LEWIS G. PRICHARD
Research Department, First National Bank of Portland, Oregon

The income payments to individuals in Oregon have grown with remarkable steadiness during the past two decades, partly from the artificial influences of inflation and the stimulus of wartime activities, but largely because of the solid economic foundation of the private interprises which provide the majority of the Oregon residents with income. Looking back on the record of recent years, it is evident that certain industries have grown faster than others and that the diversity of industries has become increasingly noticeable. Those developments have added to the soundness of the economy of Oregon, increased the over-all income, and moderately switched the proportions of the total income derived from certain sources.

Oregon's economy now is as well balanced as the nation's. The disproportionately large share of forest-products industries in the state has not caused a disproportionate balance in the respective functions in the economy. Each of the principal economic functions, such as agriculture, manufacturing, trade, services, utilities, and construction, contribute a normal share of the income in Oregon when compared to the nation as a whole. The proportions of the total income payments to individuals derived from each of these economic functions in Oregon are not greatly different from the national trend. For example, of the total 1953 income payments in Oregon, manufacturing payrolls constituted 22.1 per cent, which compares favorably with the 25.7 per cent for the nation. In certain states, the proportion of the total income payments from this source varied greatly from the national average. Extreme examples are North Dakota, where manufacturing payrolls represented only 2.3 per cent of the total income payments, and Connecticut, where they represented 40.5 per cent.

The wages or salaries of workers and the proprietors' income derived from all trade and service industries in 1953 represented 28 per cent of the total income payments in Oregon and 26 per cent in the nation. The proportions of total income from trade and service industries are usually quite uniform in each area; variations in 1953 ranged from 19.4 per cent for Delaware to 33.6 per cent for Nevada. Agricultural wages and farm proprietors' income amounted to 6.5 per cent of the total income payments in Oregon and 5.3 per cent in the United States. Income from agriculture in other states ranged from 0.6 per cent of the total income payments for Rhode Island to 32.5 per cent

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Oregon Business Review

VOL. XIII EUGENE, OREGON, OCTOBER 1954 No. 10

Bureau of Business Research, School of Business Administration
University of Oregon
WESLEY C. BALLAINE, Editor

Published monthly. Entered as second-class matter, August 10, 1948, at the postoffice at Eugene, Oregon, under the act of August 24, 1912. Persons wishing to receive the *Review* regularly should address requests to the editor. There is no subscription charge.

Bright Future Forecast for Oregon Forest Industry

By WALTER H. LUND
Assistant Regional Forester, U.S. Forest Service

Students of Oregon's economy must inevitably conclude that forest resources are of primary importance. The lives of everyone living within Oregon's borders must at some time or another be influenced or affected by the many benefits, economic and otherwise, that the forests offer. Industrial payrolls depend largely on timber harvesting and processing, and many industries not directly tied to timber as a raw material are indirectly dependent on our forests. Hydroelectric power, for example, would not be available to the same extent or at as sustained a rate except for our forests and those of neighboring states. Oregon is blessed with plentiful rainfall; but it is its forest cover which creates a condition favorable for infiltration of the soil and thus for storage of the water for sustained flow of rivers and streams. Without forest or other vegetative cover, rain and melting snow would swell our streams to flood stage at intervals but leave them relatively empty at others. Furthermore, without vegetative cover, storage basins behind dams would soon be filled with earth eroded from our hills.

Water for domestic and industrial use, as well as for irrigation, is also dependent largely on forest cover, and can, therefore, be considered a forest resource. Nearly every major city or town in Oregon derives its water supply from forest streams originating on forest land or underground supplies fed from forest land. The same is true of industries located in our state; more and more, industry location is dependent on availability of water. Much of our agriculture depends on water stored or held back for summer use in irrigation.

The tourist industry, which has been classed as the third most important in Oregon, is also closely related and largely dependent on the forest resource. The aesthetic and scenic values of Oregon's forest land attract tourists and contribute to their enjoyment. Forests and forest streams provide ideal habitat for fish and wildlife. Finally, Oregon's forest land provides much forage for livestock and therefore contributes much to that industry.

The primary purpose of this article is to give a picture of the present status of the forest resource of Oregon. This is a job of considerable difficulty and some hazard. Much has been written, both optimistic and pessimistic; all experts do not agree. The United States Forest Service feels a responsibility for keeping the nation informed on the status of its forest resource. Many reports have been made, starting with those of the Gifford Pinchot and Teddy Roosevelt era. During my association with the service, there have been such special reports as the Capper Report of the late 1920s, the Joint Congressional Report of the 1930s, the Reappraisal of 1945, and a Timber Resource Review being prepared at the present moment. Recent policy has called for a special review and report at approximately ten-year intervals.

The statements I will make concerning Oregon's timber supply are based largely on the 1945 Reappraisal Report, but will reflect also experience and trends since that time. Data and judgments of the Resource Review now under way are not yet available.

Some of the hazards of reporting on the forest resource, or any other resource, result from the factor of change—change not only in the resource itself but in the kind of material used and the degree of utilization. Supply and demand is an important factor in use made of a resource, as is competition of other products. Supply or the reported supply has a tremendous influence on the actions of industry and, in the end, on the resource itself. For this reason alone reporting agencies have a tremendous responsibility. Early twentieth-century reports of an impending timber famine influenced eastern lumbermen to purchase western timberlands. They also caused the nation to look more closely at its forest resource and provide better forest protection. A feeling that timber supplies were inexhaustible and would have no real value has at various times caused owners to abandon their land for taxes or to destroy the timber and seed grass. Perhaps of greatest significance economically is the fact that too pessimistic a view will deter desirable industrial development and an overly optimistic view might cause overexpansion.

Oregon has a total land area of approximately 62 million acres, of which almost 30 million, or nearly half the total, are classed as forest land. This land, plus the water which falls on it and God-given sunshine, is our basic forest resource. Timber, unlike mineral or oil, is a crop and therefore renewable. In appraising our timber resource, then, we should look to the condition of our forest land as well as to the products presently thereon.

Of Oregon's forest land 26 million acres are classed as commercial: i.e., they are considered suited to growing (commercially salable) crops of timber. The remaining 4 million acres of forest land are generally unproductive because of extreme elevation or barren soil, or have been withdrawn for park or wilderness purposes.

In the commercial classification the 1945 Reappraisal shows 63 per cent, or about 16 million acres, as supporting timber of sawtimber size; 15 per cent, or nearly 4 million acres, supporting small trees not yet of a size suitable for lumber manufacture; 10 per cent, or 2.5 million acres, bearing baby trees called seedlings and saplings; and 12 per cent, or slightly over 3 million acres, not satisfactorily restocked following harvesting or destruction of tree growth by fire. This latter classification is the one which gives foresters greatest concern, since it represents idle and nonproductive land. It occurs in both public and private ownership, and both classes of owners are attempting to do something about it by planting and seeding. Some land, of course, is being restocked by natural means, but the combined efforts of man and nature is not yet adequate. A major problem of forest management will probably always be to keep fires from destroying forests young and old and to obtain prompt restocking of trees following fires which do occur—and following harvest of tree crops.

Oregon is indeed blessed insofar as its quality of forest land is concerned. No substantial forest region in the

world produces more volume per acre. When the white man arrived in this state, there existed probably upwards of 700 billion board feet, log scale, of timber. Today less than one-half of the original forested acreage bears the original stand of virgin timber, but enough new forest has grown so that present volumes are estimated at one-half or more of the volume present 100 years ago. Current estimates, surprisingly, are higher than they were ten years ago; and unquestionably the current resource review will result in inventory volumes higher than those recorded in 1945. This does not mean that we actually have any more wood volume, since harvesting and losses have exceeded new growth substantially. What it does mean is that industry is now utilizing more of the wood supply found on a given acre and that it is using smaller material. The specifications for estimating have been changed accordingly, and a higher estimated volume is certain to result. Current estimates may reach as high as 400 billion board feet, log scale.

If we were considering the status of an inanimate resource like coal or iron ore, we would need only to measure its existing quantities and the rate of use to determine how long it would last. Measuring or forecasting the supply and the duration of the supply of timber is infinitely more complex. Forests are made up of individual trees which, like human beings, are living things—they come into existence, grow to maturity, die and decay. Like humans also, they are subject to many hazards of destruction by enemies and disease. While the type of hazards is somewhat different they are nevertheless real. Fire, of course, is one of the principal destructive agencies, and the most spectacular. Other enemies of our forests, however, are more serious, since they are not as subject to control. Insects and wind annually take a tremedous toll, and disease is ever present, causing decay, particularly in mature stands.

During the five-year period 1948 to 1952 the annual harvest of timber in Oregon averaged 8½ billion board feet, log scale. A peak was reached in 1952 when 9.8 billion board feet were cut. This rate of harvest probably will continue so long as we have a prosperous economy and so long as the supply will permit. Assuming for the moment that the annual harvest, plus losses, should equal 10 billion board feet, and disregarding growth rates and management, our existing supply would last approximately forty years. But exhaustion in forty years, we know, will not occur, not only because new forests will grow and existing young forests will produce new volume, but because of ownership and management policy.

Approximately 60 per cent of the remaining sawtimber volume in the state is in Federal ownership, and another 6 per cent belongs to the Indians or is in state, county, and municipal ownerships. All of this portion of the resource is committed to sustained-yield management, which means it will be cut at a rate that can be sustained for all time. Much of the remainder of the resource is now in stable ownership, and the owners have adopted policies somewhat similar to those of the public agencies.

The harvest from public lands now averages about 25 per cent of the total for the state, which means that 6 billion or more is being cut from the volume of timber in private ownership. Since private ownership involves only about 34 per cent of the total, somewhere near 135 or 140 billion of privately owned mature timber remains to be cut. Again disregarding growth and other factors, this timber would last only about twenty years at the present rate of cutting. The picture, fortunately, is not as dark as such a calculation would indicate—first, because a considerable part of Oregon forest land supports a young forest not yet large enough to be measured in terms of log scale, and because some of the forests now classed as mature are producing net growth; also, as the mature forests are cut over, new forests will come into being. In addition, on the basis of the record of the past few years, it is reasonable to expect that a part of the annual harvest will come from dead and dying trees, the volume of which is not entirely accounted for in existing forest-resource estimates.

Forest managers are accustomed to thinking in terms of what is generally called "allowable cuts." Under sustained-yield management this is the amount which can be cut each year indefinitely, barring unforeseen catastrophes. Calculation of allowable cut takes into consideration an inventory of young growing stock and the productive capacity of the land, as well as an inventory of mature timber. The 1945 Reappraisal estimated the allowable cut for Oregon's forests at 5 billion, 421 million board feet. Just as changes in utilization practices have caused change in estimates of the total remaining forest resource, they will cause a change in estimates of allowable cut. The new figure for the allowable cut, therefore, may be as much as 20 per cent higher, in which event it would approximate 6 billion, 600 million board feet. This figure, of course, is not too meaningful so long as a substantial part of the forest land of the state is not managed on a sustained-yield plan.

Another form of analysis is to consider what the potential productive capacity of Oregon's forest land is. Based on yield tables, with full production from every acre of forest land, the total productive capacity has been estimated at 12.5 billion board feet. This complete utilization of growth capacity may never be attained, certainly not during our lifetime. Probably a more reasonable estimate is that 75 per cent of productive capacity can be obtained under reasonably good management. This would mean a growth rate of 9.4 billion board feet, log scale, per year.

Annual production from publicly owned forests can and should be increased. Presently the allowable cut for the national forests of Oregon is 1 billion, 800 million board feet; it will probably be increased to at least 2 billion. The O. & C. properties have an allowable cut in excess of a half billion; and this figure, too, I suspect, is subject to an increase. These two principal public ownerships, together with other public lands and Indian lands, can probably produce an anuual harvest of approximately 3 billion feet.

The harvest of mature timber from privately owned lands, on the other hand, inevitably must be reduced, and this probably will take place gradually.

For all classes of ownership more and more salvage or saving of dead and dying trees will be accomplished. This, by and large, is extra volume, since estimates of the total resource do not include normal mortality losses.

During recent years there has been a tremendous increase in the use of sawmill residues, particularly in the production of kraft papers and pressed wood. This has been made possible by the development of log debarkers and chipping equipment. The annual consumption of this type of material, which in former years was largely consumed in burners, is a substantial volume and will undoubtedly increase. The effect of this new development is

to reduce the amount of timber that must be cut from the forests in order to satisfy the needs of industry.

As the supply of mature timber becomes scarcer, the volume of sawmill residues used will unquestionably increase; also industry will look to other sources of supply. One of the other sources is the residues now left in the woods in the form of broken chunks and tops. The volume of this material is not as great as the volume of mill residues and is much more costly to obtain. Nevertheless, it constitutes a substantial supply, and more of it eventually will be used.

Another source of supply, particularly for pulp mills and pressed-wood plants, is the thinnings from young stands.

What will happen, then, it seems to me, is that the production of logs for sawmill and veneer mill use will gradually decrease, but that this decrease will be offset largely by the saving and use of wood volume not suitable for lumber or plywood production. A lot depends, of course, on the market demand for the type of product that can be produced from this class of material and on how rapidly the industry producing that type of product expands in this state. Actually, from an economic point of view, the level of employment and income from the forest industries may be as great or greater in the future than it is now.

Finally, I should like to say Oregon's forest resource can have a bright future. This state truly has a tremendous resource in its forest lands. The size of the economic benefits depends largely on what we do with that resource.

Oregon Income Study Shows Well-Balanced Increases

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for South Dakota. Construction payrolls represented 3.9 per cent of the total in Oregon and 4 per cent in the nation. Government payments, consisting of Federal, state, and local wages, salaries, pension payments, military payments, military allowances, military bonuses, retirement benfits, subsistence-welfare payments, social-security payments, and various other government payments to individuals, represented 15.9 per cent of the total income payments in Oregon and the same per cent in the nation. In other states, government payments ranged from 9.8 per cent in Connecticut to 25.1 per cent in New Mexico. These figures illustrate that Oregon does not have an imbalance in its economy, as has so often been implied.

This normal balance in the economy of Oregon has been a contributing factor in raising the income per person to levels above the national average. Per capita income payments were lower in Oregon than in the nation during the period from 1929 through 1938, except for the year 1936; but for the years 1939 through 1953 the per capita income payments were larger in Oregon than in the nation. Per capita income payments during 1953 were $1,724 in Oregon and $1,709 in the United States. These high levels of per capita income payments in recent years contrast strikingly with the small sums during the year 1933, when the per capita figures were $337 in Oregon and $368 in the nation.

The increases in total income payments was proportionately faster for Oregon than for the nation. Oregon's income payments reached a record total of $2,762 million in 1953, as compared to $337 million in 1933.

Wages or salaries constituted the major kind of income payments to individuals in Oregon: the proportion from this source was 64.9 per cent in 1940 and 67.2 per cent in 1953. While the proportion from wages-salaries increased moderately in Oregon, a shift nationwide raised the income in the form of wages-salaries for the country as a whole from 63.3 per cent of the total in 1940 to 69.6 per cent in 1953. Proprietors' income in the nation accounted for 15.6 per cent in 1940 and 14.1 per cent in 1953; in Oregon this kind of income accounted for 19.1 per cent in 1940 and 16.3 per cent in 1953.

TABLE 1. INCOME PAYMENTS TO INDIVIDUALS BY KINDS OF PAYMENTS IN 1940 AND 1953

Kinds of Income Payments to Individuals	*Amount of Income Payments (million)* U.S.	Oregon	*Per Cent of Total Income Payments* U.S.	Oregon
	1940			
Wages & salaries	$ 47,995	$ 411	63.3%	64.9%
Proprietors' income	11,848	121	15.6	19.1
Property income	11,335	60	14.9	9.5
*Government payments	4,674	41	6.2	6.5
Total	$ 75,852	$ 633	100.0%	100.0%
	1953			
Wages & salaries	$ 188,383	$1,857	69.6%	67.2%
Proprietors' income	38,086	450	14.1	16.3
Property income	28,360	269	10.5	9.7
*Government payments	15,748	186	5.8	6.8
Total	$270,577	$2,762	100.0%	100.0%

* Government payments other than wages and salaries paid by Federal, state, and local governments.

Source: U. S. Department of Commerce, Survey of Current Business.

Notable changes have occurred since 1940 in the proportions of the total income payments derived from certain of the important sources. Government payments and manufacturing payrolls have accounted for an increasingly larger share of the total, and the proportion of income from agriculture has decreased. This is illustrated in the following tabulation:

TABLE 2. PROPORTION OF TOTAL OREGON AND UNITED STATES INCOME PAYMENTS FROM SELECTED MAJOR SOURCES, 1940 AND 1953

	Proportion of U.S. Total 1940	1953	*Proportion of Oregon Total* 1940	1953
Manufacturing payrolls	20.3%	25.7%	18.4%	22.1%
Trade & service payrolls & proprietors' income	25.2	26.0	27.4	28.0
Agricultural payrolls & proprietors' income	7.2	5.3	10.3	6.5
Government payrolls & payments to individuals	12.4	15.9	13.0	15.9

During recent years the aggregate wages and salaries (nongovernment) in Oregon have increased sharply, from $1.2 billion in 1948 to $1.6 billion in 1953. Proprietors' income has remained relatively stable. Property income and government payments climbed in the postwar period. These trends are illustrated in Table 3.

Government wages, salaries, and other payments to individuals, aggregating $265 million during 1948 and $411 million during 1953, have been counted as a portion of the total income payments in the state. Such government payments are commonly classified as income by the Federal agencies which assemble these data for each state and for the nation. However, it must be observed that, in the long run, the government is enabled to make these payments to individuals (together with other payments for materials, supplies, etc.) only to the extent that the people can and do pay taxes directly or indirectly through business enterprises. Generally speaking, the amounts of these government payments (and more) are collected through the direct

TABLE 3. SOURCES OF INCOME PAYMENTS TO INDIVIDUALS IN OREGON, 1948-1953

(millions of dollars)

	1948	1949	1950	1951	1952	1953
Wages, salaries & proprietors' income:						
Agriculture	$ 240.2	$ 166.2	$ 185.2	$ 213.9	$ 196.9	$ 174.3
Mining	5.0	4.9	4.7	5.3	5.2	5.5
Manufacturing	469.6	429.7	504.3	593.0	619.0	617.2
Construction	119.6	117.0	141.0	161.1	151.6	147.2
Util., transp., etc.	176.0	180.2	192.5	224.6	238.0	240.8
Trade	414.7	398.3	435.3	479.6	501.1	515.7
Finance	49.5	52.2	58.1	64.6	69.5	75.8
Service	187.3	189.2	200.4	216.0	230.7	248.0
Miscellaneous	29.3	27.9	27.6	28.3	28.5	27.8
Total	$1,691.2	$1,565.6	$1,749.1	$1,986.4	$2,010.5	$2,052.3
Property income (interest, dividends & rent)	191.2	201.2	225.3	239.4	255.1	268.7
Government wages & salaries, (Federal, state & local)	155.8	181.0	189.3	224.0	250.8	255.1
*Other government payments	109.2	127.7	157.0	145.8	199.9	186.2
Total income payments	$2,150.4	$2,075.5	$2,320.7	$2,595.6	$2,746.3	$2,762.3
†Population	1,482,200	1,511,201	1,521,341	1,568,062	1,602,096	1,636,800
Per capita income	$1,451	$1,390	$1,515	$1,671	$1,712	$1,724

* Includes Federal, state, and local payments for social security, welfare, unemployment, veterans' benefits, civilian and military retirement, and various other government payments.

† Population figures from the Oregon State Board of Health do not necessarily agree with population figures from the U. S. Department of Commerce, the source from which most of these figures were obtained.

and indirect taxes from the wages, salaries, proprietors' income, and property income of the persons engaged in private enterprise.

The income payments in the form of wages, salaries, proprietors' income, and property income of all persons in private enterprise in Oregon aggregated $1,835 million during 1948 and $2,321 million during 1953. These amounts represent the gross income of individuals in private enterprise, after deducting only social-security taxes, but before other direct or indirect taxes have been paid by the individuals. From 1948 to 1953, the total income payments of all individuals in Oregon increased 28.5 per cent. The income to individuals in private enterprise increased 23.1 per cent and the payments by the government to individuals in the form of wages, salaries, and other remunerations increased 66.4 per cent. If it is assumed that the amounts of the payments by the government come directly or indirectly out of the income of individuals in private enterprise, the increase in net income from 1948 to 1953 in the income of individuals in private enterprise was only 16 per cent.

The distribution of income payments to each county within the state has been determined for the year 1948 by the Business Executives' Research Committee of Portland, in a community research project published under the title *The Patterns of Income and Retail Trade in Oregon*. That study revealed that during 1948 the highest per capita income averaging around $1,700 was derived in the wheat and stock raising districts of the state. The per capita income in the Portland metropolitan area averaged approximately $1,550. In the timber districts, where logging and forestry products operations were generally discontinued during part of the year because of adverse weather conditions, the per capita income averaged under $1,300. Of the income payments aggregating $2⅛ billion in 1948, the counties with the largest volumes of income were: Mult-

TABLE 4. TRENDS OF EMPLOYMENT IN OREGON (MONTHLY AVERAGE)

	1940	1943	1946	1948	1949	1950	1951	1952	1953
Wage & salary workers, in selected groups other than agriculture, & excluding self-employed:									
Manufacturing	83,400	192,100	122,600	137,400	125,300	135,500	147,700	142,600	143,200
Mining	2,000	1,300	1,100	1,400	1,400	1,300	1,200	1,200	1,200
Contract construction	10,500	18,200	20,800	25,500	23,200	26,300	27,400	24,900	24,400
Transp. & utilities	34,400	41,300	45,100	46,600	45,600	46,500	48,500	48,700	48,100
Wholesale-retail trade	63,600	68,700	89,200	100,700	99,100	100,600	104,800	106,300	109,900
Finance, insurance, real estate	8,400	9,200	12,200	13,800	13,800	14,700	15,400	15,600	16,900
Service & miscellaneous	27,500	36,300	44,700	46,400	45,600	46,600	49,000	50,100	54,100
Government	41,900	51,200	54,900	59,100	62,600	63,800	65,200	68,000	69,800
Total	271,700	418,300	390,600	430,800	416,600	435,300	459,200	457,700	467,600
Covered employment only in manufacturing:									
Lumber products	45,652	49,949	52,952	71,320	62,769	69,144	73,083	69,407	64,985
Millwork plants, Plywood plants, Prefab structural	2,581	4,349	6,415	2,110 / 5,155 / 551	1,900 / 5,061 / 409	2,282 / 6,291 / 498	2,134 / 8,014 / 830	2,049 / 10,368 / 1,015	2,216 / 10,83 / 877
Pulp, paper & board mills	3,262	3,710	3,817	4,252	4,329	4,593	4,734	4,901	4,937
Furniture & fixtures	2,879	1,887	3,131	3,233	2,967	3,054	3,252	3,244	2,331
Food & kindred products	14,059	16,600	19,658	17,809	17,739	17,372	18,710	17,756	18,004
Textile mills products	2,071	3,013	3,418	3,128	2,758	2,519	2,526	2,481	2,832
Apparel & related products	1,689	2,037	2,331	2,256	2,221	2,322	2,383	2,563	2,456
Paper products	846	690	846	852	821	916	1,184	1,226	1,125
Printing	3,750	3,172	4,120	4,773	4,853	4,918	4,906	4,933	4,803
Chemicals	741	1,083	1,135	1,444	1,253	1,365	1,599	1,611	1,708
Products of oil-coal	74	131	172	303	365	403	447	368	369
Rubber products	64	96	161	111	96	106	132	114	175
Leather products	293	300	379	388	341	368	394	322	319
Stone, clay & glass products	682	601	1,389	1,538	1,178	1,455	1,495	1,354	1,310
Primary metals, Fabricated metal products, Machinery except electrical, Scientific instruments	4,612	10,236	9,514	3,163 / 3,055 / 4,344 / 607	2,788 / 3,044 / 3,531 / 694	3,078 / 3,596 / 3,883 / 778	3,674 / 4,096 / 5,041 / 956	3,415 / 4,010 / 4,867 / 922	3,353 / 4,261 / 4,957 / 1,053
Electrical machinery	269	728	451	515	386	576	558	1,022	1,077
Transportation equipment, Shipbuilding—repair	899	3,801 / 88,230	651 / 8,283	1,161 / 1,123	850 / 790	972 / 561	1,299 / 1,300	1,239 / 2,112	816 / 2,925
Miscellaneous manufacturing	829	758	1,344	1,285	1,132	1,132	1,197	1,282	1,157
Total covered mfg. employment	85,282	191,101	120,167	134,476	122,535	132,272	143,944	142,611	139,541

Source: U. S. Dept. of Labor, Employment and Payrolls, Annual Supplement Issue, 1939-1952, Apr. 1953, and Oregon State Unemployment Compensation Commission, Labor Market Letters, 1953 and other reports.

nomah, 38 per cent of the state total; Lane, 7.4 per cent; Marion, 6.1 per cent; Klamath, 3.4 per cent; Linn, 3.4 per cent; Clackamas, 3.3 per cent; Jackson, 3.3 per cent; and Douglas, 3 per cent.

Income payments to individuals have fluctuated in volume under the impacts of various economic forces. Inflationary increases in wage and salary scales combined with the growth in the number of workers have been the factors accounting for much of the sharp growth in income. The number of jobholders in Oregon has increased; but, with higher wage and salary rates, the total income of workers has climbed faster than employment. Since the 1950 census, nonagricultural employment has increased 7.4 per cent, as shown in Table 4.

It should be noted that a greater percentage of the people earned wages and salaries in the postwar period than in the prewar period. For example, in Oregon during 1940, 35.8 per cent of the population was gainfully engaged, while by 1950 some 37.9 per cent were gainfully engaged. The population increased 40 per cent during the 1940-50 decade, but the number gainfully engaged increased 48 per cent. Although the total employment increased 48 per cent, the gain in manufacturing employment was 60 per cent and the gain in employment in retail and wholesale trade was 61 per cent; but in agriculture there was a decrease of 2 per cent in the number of persons gainfully engaged. In the basic industries of manufacturing, mining, and agriculture combined, the increase in employment was only 30 per cent. These trends are illustrated in the following tabulation:

TABLE 5. NUMBER OF PERSONS GAINFULLY ENGAGED IN SELECTED CLASSES OF BUSINESS IN OREGON IN 1940 AND 1950

Number of persons	*1940*	*1950*	*Per Cent Change 1940 to 1950*
Manufacturing:			
Wood products	48,208	79,758	+ 65%
Food products	9,680	13,276	+ 37
Other products	23,681	37,575	+ 59
Total manufacturing	81,659	130,609	+ 60%
Forestry, fisheries	2,055	3,382	+ 65
Mining	2,953	1,650	− 44
Agriculture	71,335	69,823	− 2
Total basic industries	157,912	205,464	+ 30%
Construction	20,700	42,927	+107
Transportation, utilities	30,803	49,605	+ 61
Wholesale, retail trade	73,694	118,388	+ 61
Finance, insurance, real estate	11,749	19,573	+ 67
Service industries	42,577	56,116	+ 33
Professions and other	52,363	84,107	+ 61
Total employed	389,798	576,510	+ 38%
Population	389,789	576,510	+ 38%
Proportion employed	35.8%	37.9%	

Source: U. S. Bureau of the Census reports.

A problem confronting Oregon (and also other states) is one of expanding employment in the basic industries of manufacturing, mining, and agriculture. In order to maintain the recent population growth rate of approximately 2 per cent per year, a total of 30,000 jobs must be created in these basic industries during the next two decades. Employment in the fields of construction, utilities, trade, service, and related lines would more or less naturally increase proportionately to the growth in the basic industries. New jobs in the basic industries are expected to be created largely in manufacturing, particularly in lines other than wood products; but even the forest-products industries are expected to expand during the coming years, when there is likely to be greater emphasis on the scientific growing of trees, on the complete utilization of all parts of the tree, and on the finishing in this area of more of the wood products.

The future is very promising for the manufacture of many products, including lumber, pulp, plywood, hardboard, paper, textiles, apparel, chemicals, primary metals, and fabricated metal products; these industries should provide additional jobs and income to expand the wealth of the people of Oregon. It is gratifying to look forward to an expanding economy and an ever-growing volume of income; but it behooves us to view with humbleness this tremendous wealth and ponder over some of God's words pertaining thereto, such as " . . . if riches increase, set not your heart upon them" and "For what shall it profit a man if he gain the whole world and lose his own soul." The people of Oregon have a heritage of God-given resources—so let us consider them well and know from whence cometh the sources of income.

Views of Portland Gas & Coke On Natural Gas Explained

(Continued from page 1)

A glance at the comparative number of spaceheating customers served indicates greater acceptance in Portland, which should be an advantage in adding more heating business in this area. This, however, is conditioned upon lower rates and the ability to improve the poor load factor of that class of business, which I shall have more to say about a little later.

You will note also that our company sells nearly twice as much gas as the combined sales of the other three companies. Yet, it is proposed that the rate schedule shall be the same for all metropolitan areas.

Now to review where we stand today. The Federal Power Commission on June 16 adopted an opinion and order granting to Pacific Northwest Pipeline Corp. authority to construct and operate a natural-gas project and pipeline to serve Portland and various communities in the states of Oregon and Washington. To say this decision came as a surprise to us and many other interested parties is putting it mildly, particularly in view of the contrary conclusions of the commission's staff. Pursuant to the commission's order, Pacific must submit a plan of financing satisfactory to the commission, and must commence construction of its facilities on or before January 1, 1955, with the completion date specified not later than January 1, 1957.

The Westcoast Transmission Co., Inc. and other parties, not including our company, requested a rehearing by the commission, which was denied August 4. They have announced their intention to appeal the case to a Federal court and have until October 4 to do so. It is not our intention to join in any such action.

I am informed that practically all distributing companies in the state of Washington have signed unconditional agreements to purchase definite quantities of gas at whatever the city-gate rate may turn out to be. Such action is perhaps understandable, since most of those companies are small and, as I have stated, feel that natural gas at almost any price will be an improvement over what they now have. It is not my intention here to either criticize or justify their action.

Our company's past economic studies have been based upon purchasing gas from Canadian sources; but we have

undertaken an objective economic study, in consultation with a New York engineering firm, to determine the volume of gas we can purchase from Pacific with due regard to the interests of the public and our stockholders, whose interests must be safeguarded insofar as possible.

Many people have been led to believe that, with the importation of natural gas to an area, the problems associated with the distribution of manufactured gas go out of the window. Up to the time the Algonquin line in New England went into operation, and even since then, I know that many financial people seemingly took for granted that a natural-gas supply means automatically higher earnings and improved prices for securities. On the other hand, consumers expect lower rates when natural gas is brought into an area. These expectations cannot materialize without considerable effort on the part of the distributing companies and only if, in this case, all of the estimates of the pipeline company are fully met.

I think it would be well to explain at this juncture how natural gas is customarily purchased and, more particularly, what the plan of Pacific contemplates in the way of city-gate rates for metropolitan areas like Portland.

First, however, let me make it quite clear to you that up to the present time Pacific has made no formal filing of rate tariffs with the Federal Power Commission and I am informed they have no intention of doing so until near the time for completion of their project. The order of the commission did not include a specific tariff as a condition of the certificate granted, so that, until such time as a tariff is filed and permitted to become effective by the commission, no one will know what the cost of gas will be. In this connection, it should be recognized that determination with respect to such matters must await the final computation of Pacific's actual costs which, under the provisions of the Natural Gas Act, then become the base for the determination of a fair rate of return, with rates designed to produce that return. It may be argued that Pacific's exhibit in the form of a proposed tariff, introduced during the hearings, constitutes a filing under the rules of the commission; but in our counsel's opinion such an argument is not valid. However, distributors in the Pacific Northwest who have signed purchase agreements, I am sure, did so with the ex-

PORTLAND FOOD PRICES—OCTOBER 1954

The University of Oregon Bureau of Business Research reports that, of 76 foods priced in Portland in mid-October 1954, 35 were higher than in mid-September, 28 were lower, and 13 were unchanged. These average prices will be converted into an index number at a later date by the United States Bureau of Labor Statistics. Pork, veal, poultry, and egg prices were down. Most staples and canned goods moved either up or down in relatively narrow limits.

Commodity and Unit	In Cents: Average Oct. 15 1954	Change from Last Month	Oct. Range of Prices: High	Low
CEREALS & BAKERY PRODUCTS:				
Cereals:				
Flour, wheat (5 lbs.)	55.3	.2	65	53
Corn flakes (12 oz.)	22.0	.1	25	21
Corn meal (lb.)	13.4	— .1	20	12
Rice (lb.)	23.8	.....	29	20
Rolled oats (20 oz.)	19.8	.....	22	19
Biscuit mix (20 oz.)	26.3	.1	29	21
Bakery products:				
Bread, white per loaf (22½ oz.)	27.3	.....	28	26
Vanilla cookies (7 oz.)	25.2	— .2	28	22
Soda crackers (lb.)	27.6	.1	29	27
MEATS, POULTRY & FISH:				
Meats:				
Beef:				
Round steak (lb.)	93.8	1.0	98	89
Rib roast (lb.)	78.5	—1.7	85	69
Chuck roast (lb.)	55.9	.4	59	49
Frankfurters (lb.)	50.9	.1	59	45
Hamburger (lb.)	40.2	.....	59	29
Veal:				
Cutlets (lb.)	92.5	—4.6	110	79
Pork:				
Chops (lb.)	82.9	—4.1	89	69
Bacon, sliced (lb.)	74.9	—3.3	89	65
Ham, whole (lb.)	65.0	—3.0	73	57
Lunch, meat, canned (12 oz.)	48.5	1.6	55	45
Lamb:				
Leg (lb.)	71.9	1.5	79	65
Poultry:				
Fryers, N.Y. dr. (lb.)	62.2	—3.3	69	55
Fish:				
Salmon, canned (lb.)	51.4	.5	59	49
Salmon, fresh (lb.)	77.0	2.5	79	69
Halibut, fresh (lb.)	57.5	— .2	69	49
Tuna, canned (7 oz.)	40.6	— .3	45	37
DAIRY PRODUCTS:				
Butter (lb.)	69.4	1.0	77	66
Cheese, Amer. proc. (lb.)	54.7	— .3	61	52
Milk:				
Fresh, delivered (qt.)	21.5	.....	21.5	21.5
Fresh, grocery (qt.)	21.3	.....	22	21
Evaporated (14½ oz. can)	13.2	.4	16	12
Ice cream (pt.)	27.0	— .1	33	21
EGGS, fresh (doz.)	58.9	—5.9	65	53
FRUITS & VEGETABLES:				
Frozen:				
Strawberries, sl. (10 oz.)	27.3	.9	39	21
Orange juice, conc. (6 oz.)	20.0	.3	25	18
Peas (10 oz.)	19.0	.4	25	18
Green beans (10 oz.)	22.6	— .1	26	20

Commodity and Unit	In Cents: Average Oct. 15 1954	Change from Last Month	Oct. Range of Prices: High	Low
FRUITS & VEGETABLES (cont.):				
Fresh:				
Apples (lb.)	13.5	.8	23	8
Bananas (lb.)	20.0	.4	23	18
Oranges (size 200, doz.)	69.3	.4	87	55
Beans, green (lb.)	15.5	— .1	25	10
Cabbage (lb.)	5.7	— .4	9	3
Carrots (bunch)	9.2	— .2	12	8
Lettuce (head)	14.2	2.9	22	8
Onions, yellow (lb.)	7.2	— .1	12	5
Potatoes, white (15 lb.)	75.2	—4.0	105	58
Sweet potatoes (lb.)	15.3	—2.1	19	12
Tomatoes (lb.)	21.6	5.9	30	15
Celery (lb.)	10.2	.1	15	6
Lemons (lb.)	19.3	.2	27	12
Grapes (lb.)	19.3	6.9	25	12
Canned:				
Peaches (no. 2½ can)	29.7	.4	37	27
Pineapple (no. 2½ can)	36.6	— .1	39	34
Orange juice (46 oz.)	39.8	— .1	49	35
Fruit cocktail (no. 2½ can)	40.1	— .1	47	38
Beans with pork (16 oz.)	13.4	.....	15	12
Corn, cream style (no. 303 can)	17.8	.5	22	17
Tomatoes (no. 2½ can)	21.9	.1	25	20
Peas (no. 303 can)	20.1	.....	24	17
Vegetable soup (11 oz.)	14.1	.1	15	14
Baby foods (4½-4¾ oz.)	8.7	— .1	10	8
Dried:				
Prunes (lb.)	29.9	.2	39	26
Navy beans (lb.)	20.9	.2	23	20
BEVERAGES:				
Coffee (lb.)	108.5	— .9	117	102
Tea (¼ lb. pkg.)	35.9	.2	41	33
Cola drink (6 btles.)	34.7	.....	36	33
FATS & OILS:				
Lard (lb.)	29.0	— .6	35	25
Shortening, hydrog. (lb.)	35.4	.....	39	33
Salad dressing (pt.)	37.7	.1	42	35
Margarine, colored (lb.)	30.3	.1	35	29
Peanut butter (lb.)	52.1	.....	55	49
SUGAR & SWEETS:				
Sugar (5 lb.)	54.6	.....	62	52
Corn syrup (24 oz.)	25.2	.....	28	24
Grape jelly (12 oz. jar)	26.8	— .5	32	24
Chocolate bar (1 oz.)	4.4	.1	5	4
MISCELLANEOUS:				
Gherkins (7½ oz.)	*	.....	.....	.....
Catsup (14 oz.)	22.9	.1	29	17
Gelatin dessert	8.6	.3	10	7

* Insufficient number of quotations to obtain a reliable average price.

pectation that the form and type of rates proposed in Pacific's exhibit will be the effective rates when the project is completed.

Their proposal with respect to metropolitan areas is to sell gas at the city gate on a two-part rate, commonly known as a contract demand type or "take or pay for" rate. Insurance companies like this type of rate because in most cases it gives assurance to as great an extent as possible that the pipeline company will earn sufficient revenue to service at least the 75 per cent debt. In the case of Pacific the proposed city-gate rate is made up of a monthly demand charge of 32.1 cents per therm of contract demand, or $3.852 per therm per year, which the distributor must pay irrespective of the volume of gas he actually buys during the year; and on top of this the distributor pays 2 cents per therm for all of the gas he actually takes up to the specified amount of the demand for which he has contracted. If all of the proposed estimates should be met and the rates talked about should become effective, the combination of these two cost components would bring about a city-gate rate of 3.5 cents per therm at 70 per cent load factor. The proposed tariff provides for a minimum load factor of 65 per cent; I shall explain later how we hope to obtain that load factor, and perhaps better, when the load factor of spaceheating is only 20 per cent.

Now, let us take an example of how this would figure out if all should go well and how our company could be hurt if all should not go well. In our market studies for gas from Canada we estimated that, in the third year of natural-gas operation, we could sell just over 200 million therms, with a maximum day demand on the pipeline of 600,000 therms. Incidentally, on a therm basis this would be an increase in our sales volume of 32% per cent over our gas sales in 1953. In this connection, please keep in mind that, of the total sales of 200 million therms, approximately 50 per cent represents estimated industrial sales in competition with low-cost heavy fuel oil. At the proposed city-gate rates the annual demand charge would amount to $2,311,200, for which, as I say, we would not get a single therm of gas. The 200 million therms, if we had a market for that volume, at 2 cents would cost us $4,000,000, or a total gas cost of approximately $6,300,000 for one year. These are slightly lower figures than Pacific used in their studies and estimates; and they have been knocking at our door expecting us to sign a firm agreement on that basis, as other smaller distributors have done.

Now, let us assume that their estimates are not realistic, and that the average city-gate rates must be increased 1 cent per therm, which is not an unrealistic assumption because that is what has happened in many pipelines constructed in the past five years. A part of this increase would be reflected in the demand charge, and the remainder would be added to the commodity cost. In this connection, please remember we are supposed to have signed a firm agreement for a maximum day demand of 600,000 therms, which then cannot be changed merely because the city-gate rate is increased; so we are stuck with a higher demand charge which then would be approximately $3,200,000; but our gas sales would drop 50 per cent because we would be priced out of at least the competitive heavy fuel oil market, and our total cost of gas under the tariff would be $6,000,000, compared with a cost of $6,300,000 for twice the amount of gas in the first example I used.

That is why our management has spent many hours in serious study of the many variables involved over which the distributing company has no control, and that is why I testified during the hearings that, if Pacific were certificated, we would be willing to buy our requirements of natural gas only on a *measured demand basis*, and that our requirements would vary according to the city-gate rate finally established. The commission's opinion was silent as to our expressed policy. Our Executive Committee and other members of the Board of Directors have also spent many hours studying this situation, and in that connection they have considered not only the judgment of our management, but also the opinions of outside consultants with long experience in the natural gas business. As a result, on August 19 our Board of Directors passed a resolution [stating that the Portland Gas & Coke Co. is willing to contract for its requirements on an annual measured demand basis, it being recognized that such requirements will vary according to the cost of the gas when the project has been completed].

Having cited to you examples of contract demand wherein all of the protection is for the benefit of the pipeline company with none to the distributing company, I shall use the same figures as in my last example of contract demand and show you the difference in buying gas on a measured demand basis. If the city-gate rate established should be as proposed, the volume of gas purchased would be approximately the same under both forms of rates. If, however, the cost of gas should be increased 1 cent per therm, with a resultant 50 per cent decrease in the sales and maximum day demand, our demand charge would be computed on the basis of 300,000 therms instead of 600,000 therms, or approximately $1,600,000, which would be just 50 per cent of the contract demand example I cited. The commodity cost would be the same, so our total cost of gas for one year would be about $4,000,000, compared with $6,000,000 on a contract demand basis. Measured demand has the further advantage of making each year a separate deal, whereas under contract demand we must contract for definite amounts of gas for years ahead without knowing the cost. Can a distributing company be blamed for being unwilling to guarantee to take a fixed amount of gas each year in the future when no one will or can guarantee the price it must pay for such gas?

At this point I am certain someone will ask how we could feel greater assurance in regard to the Canadian source of gas and be willing to buy that gas on a contract demand basis. That is a good question and relatively easy to answer. The Westcoast project was a simple case of building a pipeline, buying gas from producers at fixed contract prices for a period of twenty years, and selling the gas in a ready market. The only unknown factor was the actual construction cost of the pipeline versus the estimated cost. We were afraid their estimate might be low, so we negotiated some assurance for ourselves on that portion of the line in Canada which would not have the protection of the Natural Gas Act as to rate of return. In our agreement with Westcoast we permitted the border rate to be adjusted upward for an overrun in construction cost up to $4,000,000, with the understanding that any additional overrun would be absorbed by the Canadian Westcoast company. They could not make the same agreement on the United States portion of the line where the Natural Gas Act would apply; but, since the cost of this portion of the line was only slightly over $20,000,000 and there was no problem as to the type

of terrain to cross, we felt quite sure that our exposure to a higher cost of gas would not exceed 5 per cent or .015 cents per therm.

The Pacific project, which starts with the drilling of wells and ends with the delivery of gas, is in sharp contrast to the Westcoast project. Naturally, in a project of this kind there are factors, aside from the cost of construction of the line itself, which have an important bearing on the future cost of gas. These factors include such items as the number of producing wells needed to obtain the gas volume required, the number of so-called dry holes, drilling costs, reduction in depletion allowance, yields and prices of byproducts such as natural gasoline, butane, and propane. Of course, Pacific's estimates might conceivably prove to be accurate; but the speculation would be too great and the price situation too marginal to justify our signing a long-term purchase agreement at costs presently unknown, particularly when one examines the experience of distributors buying gas from pipelines in other sections of the country. For instance, in 1950 Southern California Gas Co. was paying about 1.4 cents per therm for all out-of-state gas. Today their cost has increased to 2.1 cents per therm—an increase of 50 per cent in only four years. Their present cost of 2.1 cents compares with the estimated cost at the Portland city-gate of 3.5 cents if everything goes well as estimated. And let's look at what has happened in some other cases of pipeline companies. Michigan-Wisconsin Pipeline Co. in 1950 proposed a rate of 1.8 cents per therm. It started business with a rate of 2.8 cents and its rate is now above 3 cents. Algonquin in New England proposed a rate of 3.57 cents per therm in 1951, and is now operating with a rate of 4.71 cents at 100 per cent load factor. Transcontinental, serving New York City, proposed a rate of 2.8 cents per therm in 1948, and has made application to the Federal Power Commission for an increase from 3.22 cents to 3.53 cents per therm, also at 100 per cent load factor. The construction cost of each of these pipelines was underestimated, and none of these companies produce their own gas in the field, as Pacific proposes to do.

Let me repeat, and with emphasis, we stand ready to buy our natural-gas requirements from this or any other line; but, unless and until the promoters can guarantee a reasonable city-gate rate, it is unreasonable to expect us to make a firm commitment concerning the volume we will buy.

Earlier I made some reference to the importance of load factor and maximum day demand as affecting the price of gas. Under local management and control in manufacturing gas this is not important, because we can shut down any number of generators according to demands and weather conditions. In the past twelve months our system load factor was 40 per cent and our gas production cost was 5.46 cents per therm. If we should merely substitute natural gas for manufactured gas at that load factor, our cost at Pacific's proposed rates would be 5.89 cents per therm, or more than our present manufacturing cost. The chief opportunity for additional sales volume for natural gas from this line lies in the field of spaceheating, which, you will recall, I stated had an annual load factor of only 20 per cent. Natural gas for that purpose and at that load factor would cost 11.8 cents per therm, or double our present cost of manufacturing gas, and obviously would be prohibitive. The problem is to find ways and means of improving the load factor on purchases of pipeline gas to as high a point as possible to get the cost down. For instance, at 90 per cent load factor the cost per therm would be 3.17 cents, or less than one-third of the cost at 20 per cent load factor.

There are a number of ways in which load factor is usually improved. The sale of gas-consuming appliances helps a little. Also, if the cost of natural gas is low enough, we can make substantial firm and interruptible industrial sales. In order to avoid paying high demand charges to the pipeline company for a full twelve-months period, when such peak demands may be created in only a few winter days or a month, our existing production facilities, both oil-gas and butane, become very valuable. That is what is called peak shaving. The most valuable aid in obtaining a high load factor is the industrial business, which, in the case of many distributing companies, actually is so profitable as to subsidize residential business. It was therefore with some consternation that I listened to counsel for Pacific make the following statements to the Federal Power Commission in explanation of the design of Pacific's minimum size line:

"Pacific does not believe, and has so testified, that there is a large volume of interruptible industrial load on the coast because of the competition with fuel oil, which is low cost residual fuel."

"We would serve the spaceheating load of every utility which we have estimated here. We have not proposed any interruptible industrial sales on the coast."

I feel certain that our industries out here are also disappointed with such opinions, since we have never considered the matter of a natural-gas supply in this region without the belief that industries should be and would be benefited. Our efforts and feelings in this regard were at variance with the opinion of the Federal Power Commission, which was impressed with the fact that Pacific's project was only affected to a minor extent by the attachment of industrial load, whereas the feasibility of the Westcoast project was questioned because it would be dependent upon substantial industrial sales. Let me reassure you of my continued belief in that regard—even if there is a temporary delay while the gas from this line is being utilized, an early additional supply of gas for industrial users will be made available in Canada. I feel certain that counsel for Pacific also had that in mind when he told the commission: "Pacific has a subsidiary in Canada and has stated in the record that it will accept gas from Canada if additional gas is required."

I should like to add that in making our market estimates we found we would have plenty of industrial business available if the city-gate rates proposed should become a reality when the project is completed. Quite naturally we could only interpret their statements about industrial business as casting some doubt upon the eventual cost of the gas and, therefore, we cannot be expected to know how much gas we can buy until we know the price.

The gold dredge which has operated for a number of years in Sumpter Valley has suspended operations because of inability to secure additional ground. This was the only active gold dredge in Oregon.

Banking. Recent trends in Oregon banking can be gathered from the following figures (in millions of dollars):

	Sept. 29, 1954	*Aug. 25, 1954*	*Sept. 30, 1953*
Loans	$ 635	$ 626	$ 611
Investments	701	685	582
Deposits	1,512	1,495	1,445

CURRENT BUSINESS TRENDS IN OREGON

Employment. Nonagricultural employment rose 6.1 per cent (28,800) between mid-August and mid-September 1954. More than half of this was in lumber and wood products, employment in logging and sawmills jumping from 53,400 to 70,500 with the settlement of the strike. Employment in mid-September was 1.5 per cent lower than it was at the same time last year.

	Sept. 1954	*Aug. 1954*	*Sept. 1953*
Lumber & wood products	86,900	64,100	86,700
Food & kindred products	27,700	26,900	27,300
Other manufacturing	41,900	42,300	44,400
Total manufacturing	156,500	133,300	158,400
Contract construction	26,100	26,600	29,200
Retail trade	81,100	79,500	82,600
Government	72,600	68,900	70,000
Other nonmanufacturing	148,500	147,700	151,400
Total nonmanufacturing	328,300	322,700	333,200
Total nonagricultural employment	484,800	456,000	491,600

Lumber. Production of Douglas-fir lumber in the Pacific Northwest has recovered from the lumber strike, which cut the output by nearly half during the summer. Orders during September 1954 were lower than production or shipments, with the result that the unfilled order file has declined and the inventory of lumber has risen. Statistical data, as released by the West Coast Lumbermen's Association, follow (all figures in thousands of feet, board measure):

	Sept. 1954	*Aug. 1954*	*Sept. 1953*
Average weekly production	173,695	102,976	180,656
Average weekly orders	149,920	103,148	169,409
Unfilled orders, end of the month	777,792	866,982	746,411
Lumber inventory, end of the month	831,934	816,513	1,065,160

Department-Store Sales. The only retail-sales indicator for Oregon is the changes in the dollar volume of sales of Portland department stores, which are reported by the Federal Reserve Bank of San Francisco. Although this indicator has been above the level of a year ago in some recent weeks, it was slightly below on the last date for which figures are available. Comparisons with the same period last year for Portland and other Pacific Coast cities are shown below:

	Week Ending Oct. 16, 1954	*4 Weeks Ending Oct. 16, 1954*	*Calendar Year to Oct. 16, 1954*
Portland	− 1	− 3	− 3
Los Angles	+ 4	+ 6	− 1
San Francisco-Oakland	0	+10	0
Seattle	+ 4	+ 1	0
United States	+ 1	0	− 2

Multnomah County Real-Estate Transactions. During September 1954 there were 1,091 real-estate transactions amounting to $8,976,569 in Multnomah County. Of these, 767 involved residences, the sales price of which was $7,291,523; 294 were vacant properties, $722,796; and 30 were business properties, $962,250. Additional figures are:

	Sept. 1954	*Aug. 1954*	*Sept. 1953*
Number of sales	1,091	1,052	1,177
Value of sales	$ 8,976,569	$10,651,050	$10,639,455
Number of mortgages	1,116	1,173	946
Amount loaned	$10,319,200	$ 9,801,505	$ 6,518,118
Number of sheriff's deeds	9	6	1
Amount of sheriff's deeds	$76,531	$37,517	$4,467
Average residential sales price	$ 9,507	$10,136	$9,106

BANK DEBITS

Bank debits represent the dollar value of the checks drawn against individual deposits. Payment for approximately 90 per cent of all goods, property, and services is by check. Bank debits are regarded as indicators of the general trend of business although their value for this purpose may be impaired by substantial changes in the level of prices. The Bureau of Business Research collects bank deposits from 124 banks and branches monthly. On occasion, the totals for the same month in different issues of the *Review* are not directly comparable because of necessary adjustments in basic data.

Marketing Districts	*Number of Banks Reporting*	*Debits Sept. 1954*	*Debits Aug. 1954*	*Debits Sept. 1953*	*Sept. 1954 Compared with Aug. 1954*	*Sept. 1954 Compared with Sept. 1953*
Oregon	103	$1,310,527,287	$1,267,957,706	$1,272,818,490	+ 3.4%	+ 3.0%
Portland (Portland, Hillsboro, Oregon City, etc.)	19	803,270,365	770,336,581	756,574,598	+ 4.3	+ 6.2
Lower Willamette Valley (Salem, McMinnville, etc.)	15	102,995,884	115,999,488	103,341,789	−11.2	− .3
Upper Willamette Valley (Albany, Corvallis, Eugene)	17	130,100,922	125,186,721	123,681,209	+ 3.9	+ 5.4
North Oregon Coast (Astoria, Tillamook, etc.)	5	23,177,530	21,020,123	26,772,208	+10.3	−13.4
Douglas, Coos, Curry counties	9	43,518,874	41,041,090	44,581,953	+ 6.0	− 2.4
Southern Oregon (Ashland, Medford, Grants Pass)	6	59,693,070	57,918,328	70,535,954	+ 3.0	−15.4
Upper Columbia River (The Dalles, Hood River, etc.)	7	29,388,901	25,453,502	27,187,982	+15.5	+ 8.1
Pendleton Area	6	27,373,210	29,187,632	31,027,605	− 6.2	−11.8
Central Oregon (Bend, Prineville, Redmond)	5	20,952,313	22,125,334	22,100,570	− 5.3	− 5.2
Klamath Falls, Lakeview area	4	33,067,082	27,357,075	33,773,575	+20.9	− 2.1
Baker, LaGrande area	5	18,715,385	15,192,052	17,025,909	+23.2	+ 9.9
Burns, Ontario, Nyssa	5	17,973,751	16,809,180	16,242,129	+ 6.9	+10.7

BUILDING PERMITS

Building permits give an indication of building operations planned rather than actual construction under way. Care must be taken in interpreting these data to allow for the lag which may elapse between the issuance of the permit and the beginning of actual construction. The data have been collected by the Bureau of Business Research.

	New Residential Sept. 1954	*New Nonresidential Sept. 1954*	*Additions, Alternations & Repairs Sept. 1954*	*Totals Sept. 1954*	*Totals Aug. 1954*	*Totals Sept. 1953*
Albany	$ 72,000	$ 8,900	$ 10,800	$ 91,700	$ 84,600	$ 141,200
Astoria	40,528	1,700	16,668	58,896	62,707	30,955
Baker	30,110	32,640	15,800	78,850	30,450	253,100
Bend	35,700	3,450	20,550	59,700	61,825	45,161
Coos Bay	63,600	4,990	32,215	100,805	22,400	85,135
Corvallis	75,000	21,710	12,450	109,160	634,039	58,185
Eugene	91,000	153,150	59,780	303,930	270,064	677,250
Forest Grove	.....	.....	17,895	17,895	21,300	31,250
Grants Pass	33,080	1,875	10,120	45,075	61,180	89,310
Klamath Falls	21,000	119,000	199,411	372,411	121,086	59,095
La Grande	.....	61,973	8,421	70,394	63,232	116,810
Medford	122,000	21,765	11,479	155,244	119,710	114,396
Milton-Freewater	15,000	38,600	9,700	63,300	37,700	37,600
North Bend	9,850	815	4,525	15,190	129,000	124,351
Oregon City	5,500	95,100	12,702	113,602	756,724	53,425
Pendleton	37,000	17,000	18,782	72,782	131,275	21,737
Portland	2,673,850	1,283,380	1,338,950	5,296,180	8,697,790	3,212,905
Roseburg	79,000	152,101	20,318	251,419	64,172	46,865
Salem	279,150	2,418,800	64,550	2,762,500	191,791	364,526
Springfield	116,500	9,500	17,550	143,550	119,850	164,075
The Dalles	51,392	12,000	5,800	69,192	134,701	247,814
24 other communities	274,508	523,430	129,541	927,479	821,387	501,619
Totals	$4,129,068	$5,012,179	$2,038,010	$11,179,287	$12,937,283	$6,507,094